Housing and Urban Affairs

HOUSING BULLETIN

MONTHLY REPORT

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Acknowledgments

The data for this report is collected through various sources such as the Canada Housing and Mortgage Corporation (CMHC), Statistics Canada, the Alberta Real Estate Association, the Calgary Real Estate Board, the Realtors Association of Edmonton, and various provincial government Departments.

Next Step

Our goal is to continue to share important information on a monthly basis on the housing market trends.

OVERVIEW

Welcome to the Housing and Urban Affairs' (HUA) Housing Bulletin. This marks our sixth and last issue of the monthly report for 2008, launched in June 2008. The report covers the latest housing market trends.

In December 2008, total housing starts in Alberta's centres with a population of 10,000 people and more, declined by 34 percent from 38,477 units in 2007 to 25,395 units in 2008. Year-to-date, total housing starts were down 32 percent in the Calgary Census Metropolitan Area (CMA) and 43.9 percent in the Edmonton CMA.

According to the Calgary Real Estate Board, the average house price listed on the Multiple Listing Services (MLS) in Calgary in December 2008 was $417,398, compared to $444,769 in December 2007, down 5.2 percent.

According to the Realtors Association of Edmonton, the average house price listed on the MLS in Edmonton in December 2008 was $351,870, compared to $382,022 in December 2007, down 7.9 percent.

Highlights

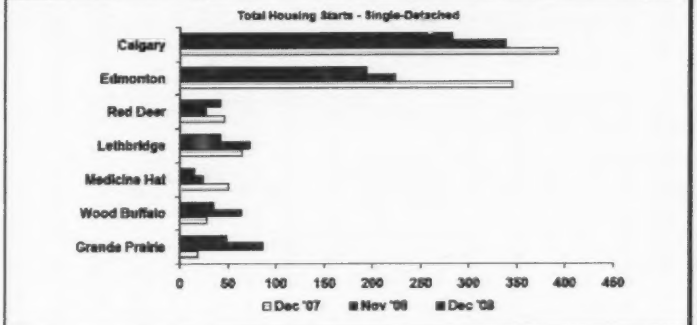
- The Royal Bank of Canada's (RBC) Affordability Index, measures the qualification of a typical family for a mortgage loan on a typical home across Canada. Affordability Measure is based on 25 percent down and a 25-year mortgage loan at a five-year fixed rate, and is estimated on a quarterly basis. A higher affordability index measure means it is more difficult to afford a house. For example, an affordability measure of 50 percent means that home ownership costs, including mortgage payments, utilities and property taxes, take up to 50 percent of a typical household's pre-tax income.
- According to the RBC quarterly *Housing Trends and Affordability Report*, released on December 8, 2008, Alberta's affordability ranks, on average, fourth highest among the provinces, behind British Columbia, Ontario and Saskatchewan.
- Alberta's affordability index in the third quarter of 2008 for a standard condominium was 28.2 percent (31.7 percent in 2007), 43 percent for a detached-bungalow (47.8 percent in 2007), 46.4 percent for a standard two-storey house (52.2 percent in 2007) and 32.1 percent for a standard townhouse (36.9 percent in 2007).

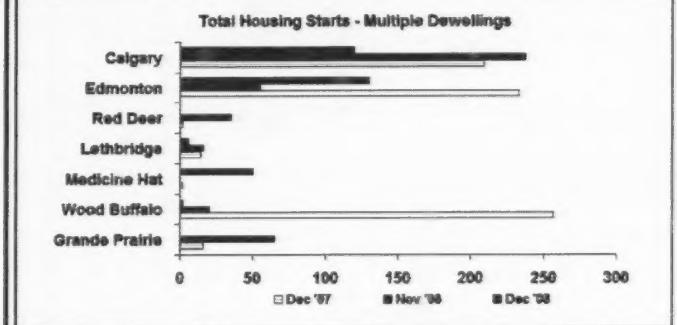
Housing Bulletin is now available for download from the ministry's internet site at http://www.housing.alberta.ca/

HOUSING MARKET TRENDS

HOUSING STARTS – Housing starts in Alberta's seven largest centres totalled 968 units in December 2008 (down 42 percent), compared to 1,678 units in December 2007. In Alberta, total housing starts in areas with a population of more than 10,000 decreased by 34 percent, from 38,477 units in 2007, to 25,395 units in 2008.

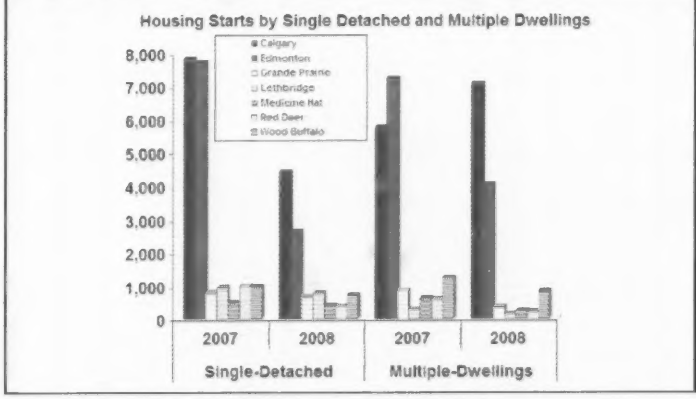
	December 2008				November 2008				December 2007		
Location	Single-Detached [1]	Multiple Dwellings [2]	*Total*	% Change Dec '07-Dec '08	Single-Detached [1]	Multiple Dwellings [2]	*Total*	% Change Nov '08-Dec '08	Single-Detached [1]	Multiple Dwellings [2]	*Total*
Calgary	283	120	*403*	-32.9	338	237	*575*	-29.9	392	209	601
Edmonton	194	130	*324*	-43.9	224	55	*279*	16.1	345	233	578
Grande Prairie	49	0	*49*	40.0	86	65	*151*	-67.5	19	16	35
Lethbridge	42	6	*48*	-39.2	73	16	*89*	-46.1	65	14	79
Medicine Hat	15	50	*65*	25.0	24	0	*24*	170.8	50	2	52
Red Deer	42	0	*42*	-12.5	27	35	*62*	-32.3	46	2	48
Wood Buffalo	35	2	*37*	-87.0	64	20	*84*	-56.0	28	257	285

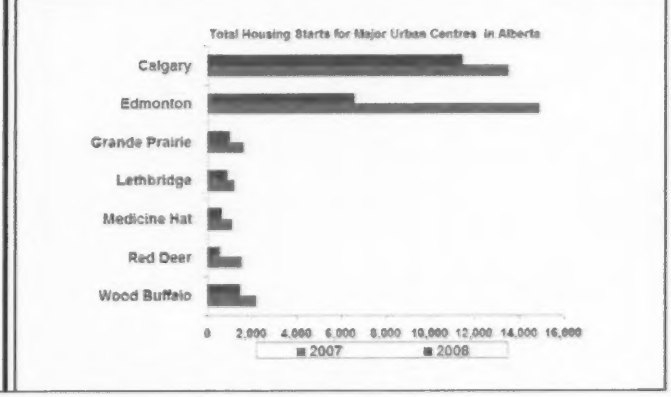




January to December 2008

	Single-Detached			Multiple Dwellings			Total		
	2008	2007	% Change	2008	2007	% Change	2008	2007	% Change
Calgary	4,387	7,777	-43.6	7,051	5,728	23.1	11,438	13,505	-15.3
Edmonton	2,613	7,682	-66.0	4,002	7,206	-44.5	6,615	14,888	-55.6
Grande Prairie	653	784	-16.7	357	845	-57.8	1,010	1,629	-38.0
Lethbridge	760	920	-17.4	153	285	-46.3	913	1,205	-24.2
Medicine Hat	398	485	-17.0	237	614	-61.4	635	1,099	-42.2
Red Deer	367	974	-62.3	205	584	-64.9	572	1,558	-63.3
Wood Buffalo	681	946	-28.0	811	1,229	-34.0	1,492	2,175	-31.4





[1] **"Single-Detached"** dwelling (also referred to as "Single") is a building containing only one dwelling unit, which is completely separated on all sides from any other dwelling or structure. Includes link homes, where two units may share a common basement wall but are separated above grade. Also includes cluster-single developments.

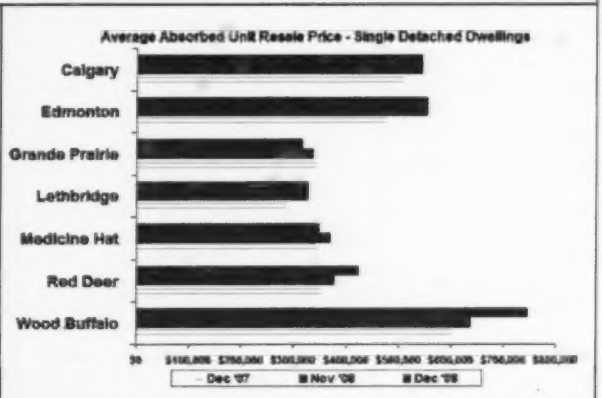
[2] The term **"Multiple "** dwelling includes all other types of dwellings, i.e., Semi-detached (also referred as semi) is one of two dwellings located side-by-side in a building with no other structure, Row (Townhouse), Apartment and other commonly known as stacked townhouses, duplexes, triplexes, double, duplexes and row duplexes.

Source: Housing Information Monthly – Canada Mortgage and Housing Corporation (CMHC).

ALBERTA'S HOUSING MARKET – The resale housing market and new house prices for some of the major centers across the province continued to weaken in December 2008.

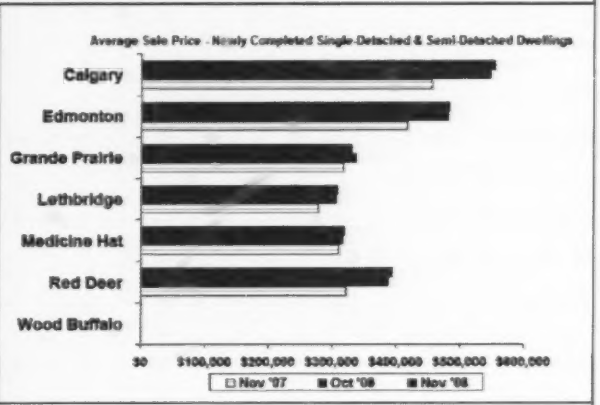
Average Absorbed* Unit Resale Price – Single-Detached Dwellings

Location	December '08	November '08	% Change Nov '08-Dec '08	December '07	% Change Dec '07-Dec '08
Calgary	$543,853	$544,398	-0.1	$506,495	7.4
Edmonton	$554,605	$553,772	0.2	$472,890	17.3
Grande Prairie	$316,150	$336,645	-6.1	$342,725	-7.8
Lethbridge	$325,309	$326,053	-0.2	$283,859	14.6
Medicine Hat	$348,300	$369,615	-5.8	$340,602	2.3
Red Deer	$422,504	$378,207	11.7	$349,602	20.9
Wood Buffalo	$745,081	$636,881	17.0	$602,134	23.7



Average Sale Price – Newly Completed Single-Detached & Semi-Detached Dwellings

Location	November '08	October '08	% Change Oct '08-Nov '08	November '07	% Change Nov '07-Nov '08
Calgary	$552,958	$545,910	1.3	$455,374	21.4
Edmonton	$481,534	$480,625	0.2	$416,791	15.5
Grande Prairie	$329,194	$336,411	-2.1	$316,876	3.9
Lethbridge	$306,839	$305,804	0.3	$277,970	10.4
Medicine Hat	$318,654	$316,106	0.8	$309,870	2.8
Red Deer	$393,099	$387,897	1.3	$320,850	22.5
Wood Buffalo	N/A	N/A	N/A	N/A	N/A



Did You Know...

- The average house price listed on the Multiple Listing Services (MLS) in Alberta in December was $328,082, compared to $354,290 in December 2007, down 7.4 percent.
- In Calgary, a total of 1,415 homes (single-family and condos) were listed for sale during December 2008. About 654 single-family homes and condos were sold during the month of December 2008 in Calgary.
- In Edmonton, 1,319 homes were listed during December 2008, with 608 being sold, resulting in a sales-to-listing ratio of 46 percent. Total MLS sales were $6.6 billion in 2008, down from $8.2 billion in 2007.

TOTAL NUMBER OF HOMES ON THE MARKET

Number of Homes on the Market

Did You Know...

- According to the Canadian Real Estate Association, a total of 1,882 residential units were sold province-wide in December 2008, compared to 3,049 in December 2007. There were about 4,111 new residential listings processed in December 2008, compared to 4,192 in December 2007.
- Over all, a total of 56,399 residential units have been sold province-wide from January to the end of December 2008, compared to 71,430 residential units sold from January to December 2007.
- In Calgary, a listing was on the market for an average of 61 days in December 2008, as compared to 50 days in December 2007.
- In Edmonton, a listing was on the market for an average of 65 days in December 2008, versus 56 days in December 2007.

*A dwelling is defined as 'Absorbed' when a binding, non-conditional agreement is made to buy or rent the dwelling.

Source: Housing Information Monthly – Canada Mortgage and Housing Corporation (CMHC)
Preliminary Housing Start Data – Canada Mortgage and Housing Corporation (CMHC)
Fan Qin, Market Research Assistant - Canada Mortgage and Housing Corporation (CMHC)
Alberta Real Estate Association
Canadian Real Estate Association

CALGARY HOUSING MARKET – December is typically a quiet month due to the season; however, December 2008 was much slower, according to the figures released by the Calgary Real Estate Board. Calgary real estate sales fell even further below November's lows for condos and single family homes in December 2008.

Average Resale Price – Single-Detached Dwellings							Average Resale Price – Condominium						
December '08	November '08	% Change Nov '08 - Dec '08	December '07	% Change Dec '07 - Dec '08	Average Days on the Market Dec '08	Month End Inventory Dec '08	December '08	November '08	% Change Nov '08 - Dec '08	December '07	% Change Dec '07 - Dec '08	Average Days on the Market Dec '08	Month End Inventory Dec '08
$417,396	$435,471	-4.2	$444,789	-6.2	61	3,860	$274,919	$285,820	-3.8	$304,719	-9.8	61	1,863

EDMONTON HOUSING MARKET – According to the Realtors Association of Edmonton, single family homes saw a price drop in December 2008, while condo prices rallied. For homeowners, it was not the time to sell, as the market was in favour of buyers.

Average Resale Price – Single Family Dwellings (SFD)					Average Resale Price – Condominium						
December '08	November '08	% Change Nov '08 - Dec '08	December '07	% Change Dec '07 - Dec '08	December '08	November '08	% Change Nov '08 - Dec '08	December '07	% Change Dec '07 - Dec '08	Average Days on the Market Dec '08 (both SFD and Condo)	Month End Inventory Dec '08 (Includes SFD, Condo, Duplex, and Mobile homes)
$351,870	$362,757	-3.0	$382,022	-7.9	$234,286	$231,531	1.2	$253,270	-7.5	65	6,316

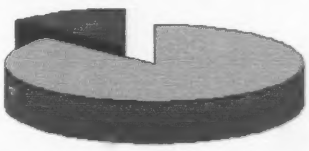
ACCORDING TO THE ALBERTA REAL ESTATE BOARD, a total of 52,578 residential units were sold province-wide from January to the end of November 2008, a decrease of 37 percent, compared to November 2007.

Location	Average Residential Resale Price*				
	November '08	October '08	% Change Oct '08 – Nov '08	November '07	% Change Nov '07 – Nov '08
Calgary	$384,200	$388,600	-1.1	$408,600	-6.0
Edmonton	$318,600	$317,700	0.3	$325,100	-2.0
Grande Prairie**	$290,600	$294,500	-1.3	$288,000	0.9
Lethbridge	$237,200	$249,500	-4.9	$239,500	-1.0
Medicine Hat	$233,700	$250,700	-6.8	$258,200	-9.5
Red Deer	$272,200	$269,500	1.0	$263,800	3.2
Wood Buffalo**	$678,900	$690,200	-1.6	$635,300	6.9

Value of property sales

- The value of total property sales for the year ending November 2008 was $21.4 Billion (down 22 percent from the same period last year).
- Residential properties represent 87 percent ($18.7 Billion) of total property sales for the year ending November 2008.

Breakdown of Property Sales for the Year Ending November 2008



■ Residential Property (may also include condo & mobile homes) 87%
■ Non-Residential Property (includes commercial & agricultural properties) 13%

* Residential includes single family dwellings, condo and mobile homes.
** This figure denotes single family average price.

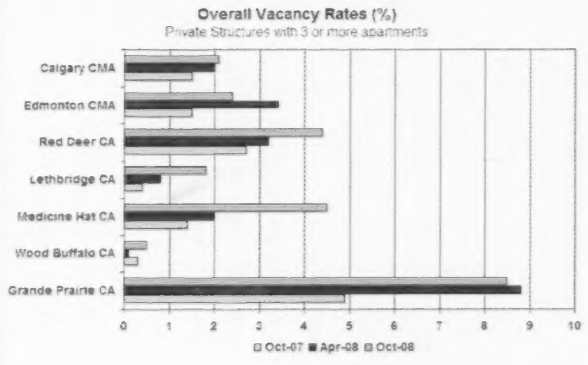
Source: Calgary Real Estate Board
The Realtors Association of Edmonton
Alberta Real Estate Association

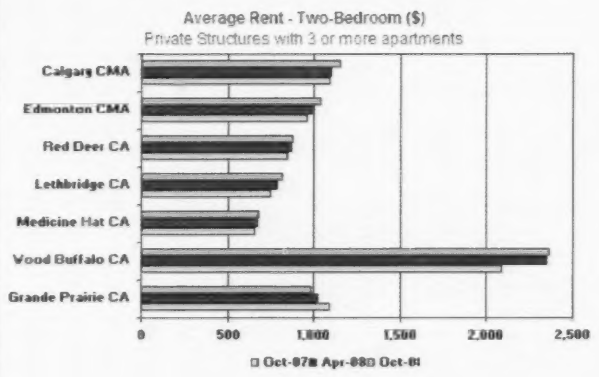
PRIVATE APARTMENT AVERAGE VACANCY RATES (%) BY BEDROOM TYPE

Centre	Bachelor			1 Bedroom			2 Bedroom			3 Bedroom+			Overall Vacancy Rates		
	Oct '08	Apr '08	Oct '07	Oct '08	Apr '08	Oct '07	Oct '08	Apr '08	Oct '07	Oct '08	Apr '08	Oct '07	Oct '08	Apr '08	Oct '07
Calgary	2.9	2.6	1.4	1.9	1.8	1.5	2.2	2.2	1.5	2.7	**	2.4	2.1	2.0	1.5
Edmonton	2.4	3.1	2.5	2.2	2.9	1.5	2.5	3.1	1.3	3.7	8.3	2.4	2.4	3.4	1.5
Grande Prairie	11.8	10.9	4.4	7.9	11.0	6.9	8.6	6.7	4.2	7.2	15.6	1.4	8.5	8.8	4.9
Lethbridge	1.4	0.0	0.0	2.9	1.8	0.3	1.2	0.4	0.4	1.3	0.0	0.0	1.8	0.8	0.4
Medicine Hat	3.8	0.0	0.0	4.9	1.6	1.3	4.0	2.1	1.6	6.7	3.5	0.9	4.5	2.0	1.4
Red Deer	5.7	5.3	3.4	3.7	3.0	2.9	4.9	3.2	2.6	2.2	2.9	0.7	4.4	3.2	2.7
Wood Buffalo	0.0	0.0	0.0	0.4	0.2	0.2	0.6	0.1	0.2	0.0	0.0	1.4	0.5	0.1	0.3
Alberta 10,000+	**2.8**	**3.1**	**2.2**	**2.3**	**2.6**	**1.6**	**2.7**	**2.7**	**1.5**	**3.4**	**6.1**	**2.1**	**2.5**	**2.9**	**1.6**

PRIVATE APARTMENT AVERAGE RENTAL RATES ($) BY BEDROOM TYPE

Centre	Bachelor			1 Bedroom			2 Bedroom			3 Bedroom+			Overall Rental Rates		
	Oct '08	Apr '08	Oct '07	Oct '08	Apr '08	Oct '07	Oct '08	Apr '08	Oct '07	Oct '08	Apr '08	Oct '07	Oct '08	Apr '08	Oct '07
Calgary	775	658	688	951	919	897	1,148	1,096	1,089	1,063	1,031	1,046	1,031	992	974
Edmonton	707	682	658	847	837	784	1,034	1,000	958	1,170	1,039	1,060	930	908	859
Grande Prairie	717	761	802	825	903	952	987	1,025	1,087	1,140	1,166	1,266	933	979	1,041
Lethbridge	560	514	495	719	690	632	818	783	750	886	827	827	775	740	706
Medicine Hat	525	523	515	573	560	556	678	670	659	785	766	744	644	634	625
Red Deer	624	570	569	736	723	706	876	866	845	1,038	1,013	1,028	818	798	786
Wood Buffalo	1,444	1,406	1,263	1,829	1,858	1,724	2,360	2,350	2,085	2,468	2,536	2,263	2,190	2,193	1,968
Alberta 10,000+	**718**	**673**	**666**	**887**	**873**	**831**	**1,077**	**1,049**	**1,011**	**1,154**	**1,072**	**1,096**	**975**	**953**	**913**





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Source: Rental Market Report – Alberta Highlights – Spring 2008 and Fall 2008, Canada Mortgage and Housing Corporation (CMHC)